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TAGS: [PGOV](#) [PREL](#) [GM](#)
SUBJECT: GERMAN GRAND COALITION FACES STRAIN OF UPCOMING
2009 ELECTIONS

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Classified By: Deputy Chief of Mission John Koenig for Reasons 1.4 (b)
and (d)

Summary

[1](#)1. (C) The German Grand Coalition will increasingly face tensions created by the need for the lead candidates to position themselves for the 2009 national electoral campaign. Chancellor Angela Merkel and Foreign Minister Frank-Walter Steinmeier both remain highly popular. Merkel, however, faces political risks if the economy turns for the worse. In the second half of this year, as the Social Democratic Party (SPD) moves closer to a decision about its chancellor candidate, potential candidate Steinmeier will likely face scrutiny and criticism from his own party's left-wing. It is too early to predict the likely coalition outcome in 2009 -- although Merkel's Christian Democrats (CDU) and the Christian Social Union (CSU) are likely to come out ahead, they may not have a better coalition option than continuing the current Grand Coalition with the SPD. U.S. foreign policy is not likely to play a central role in the campaign leading up to Germany's national elections in fall 2009. Improved U.S.-German relations under Merkel and German fascination with the vibrant democratic process in the U.S. primary elections have played significant roles in improving German attitudes towards the U.S., thereby dampening the likelihood that the SPD will use anti-American rhetoric to rally voters as former chancellor Gerhard Schroeder did in 2002. End summary.

Merkel's Possible Achilles Heel: The Economy

[1](#)2. (U) Chancellor Angela Merkel (CDU) remains highly popular among Germans, who view her as an effective leader with a strong international stature. Her approval rating is 71 percent. In large part due to Merkel's popularity, the CDU has held a commanding 8- to 14-point lead over the SPD in polls over the last year.

[1](#)3. (C) Although Merkel's high popularity is expected to continue, she faces diffuse risks on economic issues. CDU parliamentarians suggest that an economic downturn would be the principal threat to Merkel's high popularity. Economic forecasts currently favor Merkel, with projections of 1.6 to 1.8 percent growth for this year (though slightly lower for 2009), but with no real evidence of recession despite the global slowdown.

[1](#)4. (C) Among CDU leaders there is a sense that the CDU may have peaked (perhaps too early) and that caution is the

watchword. Merkel, who campaigned in 2005 on a program of economic liberalization and watched a commanding lead in the polls nearly vanish during the campaign, appears to be moving toward the political center in an attempt to expand her base and consolidate centrist support that the SPD is losing because of its leftward shift. She is demonstrating ever-greater focus on domestic policy and espousing popular middle class enticements such as pension increases, a longer duration of unemployment benefits for older workers, and enhancement of nursing care insurance. While many consider this move to be politically smart, some on the CDU's right-wing have criticized the Chancellor for abandoning core CDU values.

Steinmeier Could Get Roughed Up by SPD's Left Wing

15. (C) Social Democrats have speculated in recent months that SPD Chairman Kurt Beck will eventually defer to the much more popular Foreign Minister Frank-Walter Steinmeier as the party's eventual chancellor candidate (ref A). SPD insiders consider this a 50-50 proposition. Kurt Beck's recent victory in guiding competing factions of the SPD to agreement on privatization of the railway monopoly Deutsche Bahn may help shore up his position (septel). It is uncertain whether Steinmeier would choose to accept the SPD nomination at a time when the SPD is hovering in the mid 20's in the polls and its electoral prospects seem poor. Note: In any case, Steinmeier will run for political office, a federal parliament seat from Brandenburg City, for the first time in 2009. End note.

16. (C) Steinmeier would face some detractors in his own

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party. Deputy SPD Chair Andrea Nahles, the leading left-wing critic of Steinmeier's centrist approach, told Political M/C that she was unhappy that "the U.S. knows more about Steinmeier than I do," referring to Steinmeier's role as Chancellery Chief of Staff and Intelligence Coordinator under Gerhard Schroeder. Nahles suggested strongly that the left wing of the SPD could portray Steinmeier as too close to the U.S. on intelligence-related issues, especially his role in the Murat Kurnaz affair (ref B), thereby damaging his candidacy.

17. (C) Nahles admitted, however, that the SPD likely would do better at the polls with Steinmeier as chancellor candidate (between 30 and 35 percent of the vote). This would mean more SPD parliamentarians holding onto their seats -- a consideration that could have an effect on the SPD's choice. Nahles added that Steinmeier "has little experience in managing the party, but he's a fast learner."

Grand Coalition Fated to Continue?

18. (C) Deputy CDU national chairman and Lower Saxony Minister-President Christian Wulff (CDU) told the DCM that another grand coalition is the most likely outcome in 2009 if the political landscape does not change significantly in the coming months. The SPD's Nahles agrees. While Merkel and the CDU still prefer to govern with the Free Democrats (FDP), the numbers may not suffice for a majority. Although experiments such as the CDU-Greens coalition in Hamburg are enticing, replicating them at the national level remains difficult.

19. (C) Comment: The CDU's fear of opening up its flanks to SPD attacks -- and the SPD's self-obsession during a period of turmoil in the party -- reveal a degree of caution on policy issues that is remarkable even by German standards. This is reflected in German caution on foreign policy issues of interest to us such as Afghanistan and Iran. A particular

USG concern is whether the SPD or others will try to employ anti-American rhetoric to curry voter support, much as former chancellor Gerhard Schroeder did in 2002. Even SPD left-wingers like Nahles tell us, however, that foreign policy is not as great a consideration for German voters as it was around the time of the Iraq war, and therefore will not likely be a decisive factor in next year's national elections. It is also important to note that German attitudes towards the U.S. have improved over the past year due to our improved bilateral relations and German fascination with democracy on display in the U.S. primary elections. The current improvement is evidenced by a recent Harris poll which showed a dramatic 21 percentage-point increase in the number of Germans who regard the U.S. as a trustworthy partner. Also, the German federal election campaign will occur during what is expected here to be an extended popular "honeymoon" for the new U.S. administration. Consequently, German politicians might perceive less political advantage in a critical stance toward the U.S. End comment.

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